

Message Text

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ACTION EUR-12

INFO OCT-01 ARA-06 EA-07 ISO-00 AID-05 CIAE-00 COME-00
EB-08 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00
XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 STR-04
IGA-02 DODE-00 PM-04 H-01 L-03 NSC-05 PA-01
PRS-01 SS-15 /104 W
-----261648Z 125409 /46

R 261514Z APR 77
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 2112
INFO AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY CARACAS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY ROME
AMEMBASSY STOCKHOLM
AMEMBASSY TOKYO
AMEMBASSY VIENNA
USMISSION EC BRUSSELS
AMEMBASSY LISBON

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 12162

E.O. 11652: GDS
TAGS: EFIN, PO, FR
SUBJ: FINANCIAL ASSISTANCE FOR PORTUGAL

REF: STATE 88960

1. BEGIN SUMMARY. AFTER INDICATING THAT GOF HAD BEEN
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ON VERGE OF SENDING VERY NEGATIVE REPLY TO U.S. PROPOSAL
FOR A \$1.5 BILLION AID-TO-PORTUGAL CONSORTIUM, MFA
SECRETARY GENERAL SAID GOF WOULD CONSIDER NEW USG
PROPOSAL, WHICH CONTAINS NEW ASPECTS WHICH DESERVE
STUDY, AND GET BACK TO EMBASSY PROMPTLY, WHEN WOULD ALSO
GIVE FRENCH REACTION TO PROPOSED MID-MAY MEETING IN
PARIS. END SUMMARY.

2. AT REQUEST OF FOREIGN MINISTER, DEMARCHE TO GOF MADE BY CHARGE TO AMBASSADOR JEAN-MARIE SOUTOU, SECRETARY GENERAL OF MFA, ON APRIL 26. (PORTUGUESE AMBASSADOR HAS ALSO BEEN ASKED TO TAKE UP QUESTION WITH SOUTOU AND EXPECTS SEE HIM IN NEXT DAY OR TWO.)

3. AFTER CHARGE'S PRESENTATION ALONG LINES REFTTEL, SOUTOU REPORTED THAT GOF STILL HAD FOR REPLY A LETTER FROM PRESIDENT CARTER TO PRESIDENT GISCARD OF SEVERAL WEEKS AGO, IN WHICH PRESIDENT CARTER DISCUSSED THE PORTUGUESE SITUATION AND PROPOSED FRENCH SUPPORT FOR AN AID CONSORTIUM TO PROVIDE SOME \$1.5 BILLION OF AID TO GOP. HE SAID THAT WHILE NO ANSWER HAS BEEN SENT AS YET, THE REPLY DRAFTED IN THE QUAI (HE HAD IT BEFORE HIM) WAS VERY NEGATIVE IN TONE, REJECTING THE NOTION OF ANY FRENCH PARTICIPATION IN SUCH A CONSORTIUM. THE ARGUMENTATION WAS BASICALLY THAT BILATERAL AID ALREADY BEING GIVEN BY FRANCE AND, MORE IMPORTANTLY, THAT GOF HAD DECIDED TO FUNNEL ITS AID TO PORTUGAL THROUGH THE EC. HE NOTED THAT THE GOF HAD RECENTLY AGREED TO AN EXTENSION OF SUCH EC AID TO PORTUGAL FOR ANOTHER FIVE YEARS, TAKING THIS PROGRAM UP TO 1983.

4. THUS, SOUTOU CONTINUED, GOF HAD BEEN ON VERGE OF SENDING A DISTINCTLY NEGATIVE RESPONSE TO THE USG PROPOSAL ON AID TO PORTUGAL. HE THOUGHT, HOWEVER, THAT THE NEW PROPOSAL, AS OUTLINED BY THE CHARGE, AND AS DESCRIBED IN A NON-PAPER OF TALKING POINTS WHICH THE CONFIDENTIAL

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CHARGE HAD JUST GIVEN HIM (AND WHICH SOUTOU HAD CLEARLY ALREADY STUDIED, THANKS TO AN EARLIER DELIVERY OF AN ADVANCE COPY OF THAT NON-PAPER TO THE QUAI'S PORTUGUESE DESK), DESERVED FURTHER STUDY. THUS, HE UNDERTOOK TO

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STR-04 /104 W

-----261616Z 125576 /46

R 261514Z APR 77

FM AMEMBASSY PARIS
TO SECSTATE WASHDC 2113
INFO AMEMBASSY BERN
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C O N F I D E N T I A L SECTION 02 OF 02 PARIS 12162

INITIATE SUCH A STUDY AND TO GET A PROMPT REPLY TO THE
EMBASSY.

5. AS TO POSSIBLE FRENCH PARTICIPATION IN A MID-MAY
DISCUSSION AT IMF/WORLD BANK HEADQUARTERS IN PARIS,
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SOUTOU ALSO HELD OFF, SAYING THAT THE FRENCH OFTEN
REACTED IN BIZARRE WAYS TO PROPOSED DISCUSSIONS, AND
THAT THE GOF REACTION TO THIS PROPOSAL WOULD BE CONVEYED
AT THE SAME TIME AS THEIR REACTION TO THE PROPOSED
PARTICIPATION IN THIS ECONOMIC AID EFFORT.

6. COMMENT: IT APPEARS THAT AT THE VERY LEAST WE HAVE
HEADED OFF A FORMAL AND NEGATIVE FRENCH RESPONSE TO OUR
EARLIER CONSORTIUM PROPOSAL; THAT THE GOF IS WILLING TO
CONSIDER THE NEW PROPOSAL; AND WE HAVE REASON TO BELIEVE
THERE MAY BE SUPPORT IN THE RANKS AT THE QUAI FOR A
FAVORABLE RESPONSE. INCIDENTALLY, IN RESPONSE TO AN

OBSERVATION THAT THE FINANCIAL TYPES MEETING IN THE
PARIS AREA LAST WEEKEND HAD APPARENTLY CONCLUDED WITH
RESPECT TO THE U.S. PORTUGUESE AID PROPOSAL THAT IT
WOULD BE MORE A POLITICAL THAN AN ECONOMIC DECISION,
SOUTOU OBSERVED THAT AT THE VERY LEAST IT COULD BE SAID
THAT THE FRENCH FINANCE PERSONS SEEMED OPEN-MINDED ON
THE SUBJECT.

HARLAN

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